

Major Challenges and Problems of Rural Entrepreneurship in India

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Abstract: Nowadays Rural entrepreneurship is a major opportunity for the people who necessarily migrate from rural areas or semi-urban areas to urban areas. It is also a fact on the contrary that the majority of rural entrepreneurs are facing many problems due to non availability of primary amenities in rural areas especially in developing countries like India. Financial problems, Lack of education, insufficient technical and conceptual ability at present it is too difficult for the rural entrepreneurs to establish industries in rural areas. Certainly the economic development of our country largely depends on the development of rural areas and also the standard of living in its rural mass. For the economic development of a country and of regions within the country rural entrepreneur is surely one of the most important inputs. Today entrepreneurs are also driven to achieve success in their business along with the qualities inherited by them of a dreamer, leader, manager, innovator, continuous learner, and decision maker and most important is to implement all these qualities into the work. Certainly entrepreneurs set the example of turning their dream into reality. More importantly the story behind to achieve the dreams into reality is to set massive goals for themselves and also stay committed to achieving them regardless of the obstacles they get in the way with the unmatched passion and the ambition towards achieving the goal. Undoubtedly it looks attractive, fascinating and motivating after listening the stories of the entrepreneurs, but for sure success is not as easy as it looks always. There are certainly some obstacles which we call challenges to overcome by looking forward the prospects to be a successful entrepreneur. The paper also makes an attempt to find out the challenges and problems for the potentiality of rural entrepreneurship. It also tries to focus on the major problems faced by entrepreneurs especially in the field of marketing of products, other primary amenities like water supply, availability of electricity, transport facilities, required energy and financial amenities. In the light of this research paper focuses on the major challenges and problems available in the Indian market by en-cashing the possibilities and prospects of the same to be an able and successful entrepreneur.

Keywords: Rural entrepreneurs, Innovator, economic development, conceptual ability, continuous learner

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I. Introduction

Concept of rural entrepreneurship: Today rural entrepreneurship has emerged as a dynamic concept. In general parlance rural entrepreneurship is defined as “entrepreneurship emerging at village level which can take place in a variety of fields of Endeavour such as industry, business, agriculture and act as a potent factor for overall economic development. Compared to earlier days development of rural areas have been linked to entrepreneurship. Defining entrepreneurship is not an easy task. Entrepreneurship means primarily innovation to some, to others it means risk taking? To others a market stabilizing force and to some others it means starting, managing a owning a small business. An entrepreneur is a person who either creates new combination of production factors such as new products, new methods of production, new markets, finds new sources of supply and new products and new organizational forms or as a person who is necessarily willing to take risks or a person who by exploiting market opportunities, eliminates disequilibrium between aggregate demand and aggregate supply or as one who owns and operates a business.

What is Rural Entrepreneurship?

In simple terms “entrepreneurship” is the act of being an entrepreneur, which can be defined as “one who undertakes innovations, finance and business acumen in an effort to transform innovations into economic goods”. The problem is essentially lopsided development which is a development of one area at the cost of development of some other place, with concomitant associated problems of underdevelopment. For instance, we have seen underemployment or unemployment in the villages that has led to major influx of rural population to the cities. At present what is needed is to create a situation wherein the migration from rural areas to urban areas

comes down. Migration per se is not always undesirable but it should be minimum as far as employment is concerned. Indeed the situation should be such that people should find it worthwhile to shift themselves from towns and cities to rural areas because of realization of better amenities and opportunities there.

Rural Entrepreneurship in India:

Who should necessarily be capable of making use of the government schemes and policies for the betterment of rural people? Some individuals who happen to be NGO's and local leaders and also who are committed to the cause of the rural people have certainly been the catalytic agents for development. Though their efforts need to be recognized and lauded, yet much more needs to be done to reverse the direction of movement of people i.e., to attract people to rural areas which means not only stopping the outflow of rural people but also attracting them back from towns and cities where they had migrated. This can be made possible only when young people consider rural areas as places of opportunities. Despite all the inadequacies and incompetencies in rural areas one should assess their strengths and also build upon them to make rural areas places of opportunities. This is much more to do with the way one sees the reality of the rural areas. The way a job seeker or survivor would see things would certainly be different from those who would like to do something worthwhile and are also ready to go through a difficult path to achieve their destined goals. It isn't that there is a dearth of people with such a mindset. But due to various complications they change their minds and join the bandwagon of job seekers. Enabling the public to think positively, creatively and engaging them purposefully in entrepreneurship activities is most important for the development of rural areas. Young people with such perspective and also with the help of rightly channelized efforts would certainly usher in an era of rural entrepreneurship.

Some of the basic principles of entrepreneur which can be applied to rural development are:

- Optimum and full utilization of local resources in an entrepreneurial venture by rural population –Better distributions of the farm produce results in rural prosperity
- Entrepreneurial occupation opportunities for rural population to reduce discrimination and also providing alternative occupations as against the rural migration
- To activate such system as to provide basic '6M'- Manpower, money, materials, management, machinery and market to rural population

Rural entrepreneurship in changing environment:

The changing global environment raises many questions about the ability of traditional, small scale businesses in rural areas to share the potential benefits which is offered by the changing environment. The rapid (though declining) population growth which is coupled with even faster urbanization, creates increasing demands. In India semi urban and urban populations in general grow about twice as fast as the overall total population and by 2020 they may exceed the size of rural populations. Such a major demographic trend challenges the capacities of some traditional small scale businesses to cope up with the increasing demands and supply.

Rural Entrepreneurship and development of villages:

Rural entrepreneurship certainly implies entrepreneurship emerging in rural areas. In other words establishing the industry in rural areas is referred to as rural entrepreneurship. This means that rural entrepreneurship is synonymous with rural industrialization. Many such examples of successful rural entrepreneurship can already be found in literature. Diversification into non-agricultural uses of available resources such as blacksmithing, catering for tourists, carpentry, spinning etc as well as diversification into activities other than those solely related to agricultural usage like use of resources other than land such as water, woodlands, buildings, local features and available skills all fit into rural entrepreneurship. The entrepreneurial combinations of these resources are for example tourism, sport and recreation facilities, professional and technical training, retailing and wholesaling, industrial applications (engineering, crafts), servicing (consultancy), value added (products from meat, milk, wood etc)and the possibility of off-farm work. Equally entrepreneurial are new uses of land resources that which enable a reduction in the intensity of agricultural production, for example, organic production. Some of the major opportunities in rural entrepreneurship are:

- A. Better distribution of farm produce which results in rural prosperity
- B. Entrepreneurial occupation for rural youth resulting in reduction of disguised employment opportunities and alternative occupations for rural youth
- C. For optimum and maximum utilization of farm produce formation of big co-operatives like Amul
- D. Optimum utilization of local resource in entrepreneurial venture by rural youth

On the contrary, Indian agriculture is characterized by low productivity, flood, and exposure for vagaries of nature like drought, other natural disasters and weaknesses like mismatch between agricultural and cash crops, inadequate infrastructure to provide for value addition, wide disparity which exists between public-

private partnership in agricultural development. Land being limited is unable to absorb the entire labour force throughout the year leading to large scale underemployment and unemployment. Rural people, in search of jobs and better livelihood opportunities often migrate to urban centers creating unwanted slums and also live in unhygienic conditions of living. In the above mentioned trend if employment opportunities are made available in rural areas along with basic amenities of life.

Peter Drucker had proposed that 'entrepreneurship' as such is a practice. He says entrepreneurship is not a state of being not is it characterized by making plans that are not acted upon. Entrepreneurship certainly begins with action and creation of new organization. This organization in the long run may or may not become self-sustaining and in fact, may never earn significant revenues. But, when individuals create a new organization they have truly entered the entrepreneurship paradigm. Balanced and sustainable development is certainly the need of the hour and it can be made possible only when rural areas flourish. Growth of rural entrepreneurship may lead to reduction in poverty, pollution in cities, growth of slums and ignorance of inhabitants. It also helps in improving the literacy rate and improving standard of rural people. Rural industries include traditional sector and modern sector. Former consists of khadi and village industries, sericulture, handloom and coir industries while the latter includes power loom and small scale industries.

Major objectives of study:

1. To analyze the roles of rural entrepreneurs in economic development
2. To know the major benefits from rural entrepreneurship
3. To study the problems in rural entrepreneurship
4. To suggest some remedial measures to solve the problems faced by rural entrepreneurs
5. To analyze the effect of globalization on rural entrepreneurship
6. To study the major challenges faced by rural entrepreneurship in India
7. To analyze some of the major management problems for rural entrepreneurs
8. To suggest some of the major remedies to solve problems in rural entrepreneurship

Role of rural entrepreneurs in economic development

The entrepreneurs with their ability to scan, identify and analyze opportunities in the environment transform them into business proposition through creation of major economic entities there by channelizing the resources from less productive to more productive use create wealth. Through effective and efficient utilization of natural and national resources, they act as catalysts for economic development and also agents of social change and transformation. According to Joseph Schumpeter, the rate of progress of any nation depends upon its rate of innovation which in turn also depends on the rate of increase in the entrepreneurial talent in the population. According to Meir and Baldwin, development does not occur spontaneously as a natural consequence when economic conditions and consequences in some sense are right.

A catalyst is certainly needed which results in entrepreneurial activity to a much considerable extent. The diversity of activities that which characterizes rich countries can be attributed to the supply of entrepreneurs. They play a vital role for the economic development of a country in the following ways:

1. Formation of capital: Entrepreneurs as such by placing profitable business proposition do attract investment to ensure private participation in the industrialization process. The otherwise idle savings are also channelized for investment in business ventures in turn provides return. Again the savings are invested giving a multiplier effect to the process of capital formation.
2. General Job creators and job providers and not the job seekers: With the globalization process the government jobs are shrinking thus leaving many unemployed. In these circumstances, the entrepreneurs and their enterprises are the only source and hope of direct and indirect employment generation. Employment is generated directly by the requirement of the large enterprises and also indirectly by ancillary and consequential developmental activities.
3. Balanced regional development: Entrepreneurs always look for opportunities in the working environment. They capitalize on the opportunities of governmental concessions, facilities and subsidies to set up their enterprises in undeveloped areas. Classic example is setting up of steel plant at Tata Nagar, Reliance Petrochemicals at Jamnagar (Gujarat) which have resulted in the development of Good Township and peripheral regional development. Thus entrepreneurs reduce disparities and imbalances in development among regions where they operate.
4. Improvement in the standard of living: Entrepreneurial initiatives taken by entrepreneurs through employment generation leads to increase in income and also purchasing power which is spent on consumption expenditure. Certainly increased demand for goods and services boost up industrial activity. Large scale production with technological advancements will result in economies of scale and low cost of production. Modern concept of marketing involves creating demand and then filling it. New innovation

oriented and varying quality products at most competitive prices make common man's life smoother, comfortable and easier which are also contributions of entrepreneurial initiative.

5. **National Self-reliance:** Entrepreneurs are certainly the corner stones of national self-reliance. They help to manufacture indigenous substitutes to imported products which reduce the dependence on foreign countries. There is also wide possibility of exporting the goods and services to earn foreign exchange for the country. Hence, the export promotion and import substitution ensure economic independence and the country becomes self-reliance.
6. **Increase in per capita income:** Entrepreneurs convert the latent and idle resources like labour, land and capital into goods and services resulting in increase in the national income and in turn wealth of a nation. The increase in national income is thus an indication of increase in net national product and per capita income of the country.
7. **Planned Production:** Entrepreneurs are considered and best judged as economic agents since they unite all means of production. All the major factors of production i.e., land, labor, capital and enterprise are all brought together to get the desired production. This will help to make use all the factors of production with perseverance, proper judgement and knowledge of the world of business. The least combination of factors is possible avoiding unnecessary wastage of resources.
8. **Equitable distribution of economic power:** The modern world is dominated by economic power. Also economic power is the natural outcome of business and industrial activity. Industrial development may lead to concentration of economic power in few hands which results in the growth of monopolies. The increasing number of entrepreneurs helps in the dispersal of economic power into the hands of many effective and efficient managers of new enterprises. Hence setting up of large number of enterprises certainly helps in awakening the evil effects of monopolies. Thus, the entrepreneurs are key to the creation of new enterprises that energise the economy and also rejuvenate the established enterprises that which make up the economic structure.

Major benefits from rural entrepreneurship

Some of the major benefits of rural entrepreneurship can be described below as follows:

1. **Provide employment opportunities:** Rural entrepreneurship as such is mainly labor intensive and certainly provides a clear solution to the growing problem of unemployment. Mainly the development of industrial units in rural areas through rural entrepreneurship has high potential for income creation and employment generation.
2. **Balanced regional growth:** Rural entrepreneurship can dispel the concentration of major industrial units in urban areas and also promote regional development in a balanced way
3. **Check on migration of rural population:** Rural entrepreneurship can fill the lacunae and big gap and also disparities in income for rural and urban people. Rural entrepreneurship will bring in or develop infrastructural facilities like roads, power, bridges etc. It can help to check the migration of people from rural to semi urban and urban areas in search of jobs.
4. **Promotion of artistic activities in rural areas:** The age-old rich heritage of rural India is preserved by promoting and protecting handicrafts and arts through rural entrepreneurship
5. **Check on social evils existing in society:** The growth of rural entrepreneurship can reduce social evils like growth of slums, poverty, pollution in cities etc
6. **Awaken the rural youth:** Rural entrepreneurship can awaken the rural youth and also expose them to various avenues to adopt entrepreneurship and promote it as a career
7. **Improved standard of living:** Rural entrepreneurship will also increase the literacy rate of rural population. Their education and self employment will also prosper the community, thus increasing their standard of living.

Problems in Rural Entrepreneurship

Entrepreneurs certainly play very important role in the development of economy thus contributing to overall Gross Domestic Product of the nation. They face various problems in day to day life and work. As thorns are part of roses, in the same way flourishing business has its own kind of problems. Some of the major problems faced by rural entrepreneurs are as under:

1. **Financial Problems:** Some of the major financial problems faced by rural entrepreneurs as follows:
 - a. **Paucity of funds:** Due to absence of tangible security and credit in the market most of the rural entrepreneurs fail to get external funds. Also the procedure to avail the loan facility from the banks is too time consuming that its delay often disappoints the rural entrepreneurs. Lack of finance available to rural entrepreneurs is by far one of the biggest problems faced by rural entrepreneurs nowadays especially due to global recession. Some of the major difficulties faced by rural entrepreneurs include low level of purchasing power of rural consumer so sales volume is insufficient, reduced profits due to competition, lack of finance

to start business, pricing of goods and services. Today financial statements are also difficult to be maintained by rural entrepreneur due to stringent tax laws, lack of guarantees for rising up of loans, major difficulty in raising capital through equity, dependence on small money lenders for loans for each they charge discriminating interest rates, huge rent and property cost. These all problems create a difficulty in raising money through loans.

Some banks have not ventured out to serve rural customers because banks are expensive to be reached by rural customers and once reached are quite often too poor to afford bank products. Poor people are often excluded from traditional financial market as they often have insufficient established forms of collateral or physical assets to offer. The government is providing subsidies to rural areas but due to high cost of finance, these subsidies are not giving fruitful results. Some of the major sources of finance in rural areas are loans from regional rural banks or from zamindars but their rate of interest is usually very high. The government has various institutions for this purpose but certainly the results are not up to the level expected. Industrial credit and Investment Corporation of India (ICICI), Industrial Finance Corporation of India (IFCI), and Small Scale Industry Development Bank of India (SIDBI) are some of the major national level (SFC) institutions that are helping out rural entrepreneurs. Some State level institutions are also working like State Financial Corporation and State Industrial Development Corporation (SIDC). These institutions also provide assisting for setting up of new ventures and side by side for expansion and modernization of existing ones but their terms and conditions are very strict to be handled. Various schemes like tiny unit scheme, composite loan scheme, scheme for technical entrepreneurs etc, had started but they are unable to meet the expectations of rural entrepreneur. Raising funds through equity is much more difficult for rural entrepreneurs because of lack of financial knowledge and also because of financial corpus which is low, so loans are the primary source of finance for them which proved to be a great obstacle in developing rural entrepreneurship. Various policies of RBI regarding priority sector lending have failed to achieve its objectives. Micro financing movements started in India well. Self help groups form the basic constituent unit of micro finance movement in India. Self help groups constitute a group of few individuals who pool their savings into a fund from which they can borrow as and when necessary.

- b. **Lack of Infrastructural facilities:** In spite of efforts made by government the growth of rural entrepreneurs is not very healthy due to lack of proper and adequate infrastructural facilities.
- c. **Rise Element:** Rural Entrepreneurs have very less risk bearing capacity due to lack of financial resources and external support.
2. **Marketing Problems:** Some of the major marketing problems faced by rural entrepreneurs are as follows:
 - a. **Competition:** Rural entrepreneurs face stiff and severe competition from large sized organizations and urban entrepreneurs. They incur high cost of production due to high input cost. Problem of standardization and competition from large scale units are some of the major problems faced by marketers. They face the problem in fixing the standards and then sticking to them. For the survival of new ventures competition from large scale units also creates difficulty. New ventures have limited financial resources and hence cannot afford to spend more on sales promotion and advertising. These units are not having any standard brand name under which they can sell their products. New ventures surely have to come up with new advertisement strategies which the rural people can easily understand. Literacy rate is one among many major problems faced by rural entrepreneurs and they should device strategies and remedies to solve it. Also printed media has limited scope and coverage in the rural context. Traditionally bounded nature, cultural barriers and cultural backwardness all add to the difficulty of communication. English and Hindi are not understood by many people as people in rural areas mostly communicate in their local dialects. It has been seen in the recent past that in spite of enough food stocks with government warehouses, people have died of starvation. This indicates a major problem with the public distribution system. The producers too are not collective in their approach for marketing their products because they are too widely scattered and uneducated.
 - b. **Middlemen:** Middlemen exploit rural entrepreneurs. Rural entrepreneurs are heavily dependent on middlemen for marketing of their products who necessarily pocket large amount of profit. Poor means of transportation facilities and storage facilities are also other marketing problems in rural areas. In most of the villages, farmers store the produce in open space, in earthen vessels, in bags etc. So these indigenous and traditional methods of storage are not capable of protecting the produce from weevils, dampness etc. The agricultural goods are not standardized and graded.
3. **Management Problems:** Some of the major management problems are as follows:
 - a. **Lack of Knowledge of I.T:** Information technology as such is not very common in rural areas. Entrepreneurs rely on internal linkages that which encourage the flow of services, goods, ideas and information. The intensity of family and personal relationships in rural communities can sometimes be very much helpful but they may also present obstacles to effective and efficient business relationships. Business deals may receive less than rigorous objectivity as well as intercommunity rivalries may reduce the scope

for regional cooperation. Lines of authority and decision making process are mostly blurred by local politics in rural areas.

- b. **Legal formalities:** In complying with various legal formalities and in obtaining licenses rural entrepreneurs find it extremely difficult due to ignorance and illiteracy. Also procurement of raw materials is really a tough task for many rural entrepreneurs. They may also end up with poor quality raw materials, which may also face the problem of storage and warehousing.
- c. **Lack of technical knowledge:** Rural entrepreneurs to a major extent suffer a severe problem of lack of technical knowledge. Lack of training facilities and other extensive services create a hurdle for the development of rural entrepreneurship.
- d. **Poor quality products:** Another important problem is growth of rural entrepreneurship is the inferior quality of products produced due to lack of availability of standard tools and other equipments as well as poor quality of raw materials.
4. **Human resource Problems:** Some of the major human resource problems found in organization are as follows:
 - a. **Low skill level of workers:** Most of the entrepreneurs working in rural areas are unable to find workers with high skills. In this case turnover rates are also high. They have to be provided with on the job training and their training too generally is a serious problem for entrepreneur as they are mostly uneducated and the training should be imparted in local language which they can understand easily. The Industries in rural areas are not only established just to take advantage of the cheap labour but also to bring about an integrated rural development. Rural entrepreneurs should not look at rural area as their market; instead they should see the challenges existing in urban areas and also be prepared for them. Rural entrepreneurs are generally believed to be less innovative in their thinking. Youths in rural areas have very little options and they are made to believe this. This is the reason as to why many of the youths either prefer to work at farm or else migrate to urban areas.
 - b. **Negative attitude:** Sometimes environment in the family, society and support system is not much conducive enough to encourage rural people to take up entrepreneurship as a career. It may be certainly due to lack of awareness and knowledge of entrepreneurial opportunities. Young and mostly well educated youths mostly tend to leave. As per circumstances, rural people by force may be more self-sufficient and capable when compared with their urban counterparts, but the culture of entrepreneurship tends to be weak. Continuous motivation is needed in case of rural employee whom is sometimes very much difficult for an entrepreneur to impart with.

Remedial measures to solve the problems faced by rural entrepreneurs

Different organizations like IFCI, SIDBI, ICICI, NABARD etc are trying to sort the major problems faced by rural entrepreneurs. Marketing problems are mainly related with pricing, distribution channels, product promotion etc. In order to make the rural entrepreneurs to state the business venture, following measures may be adopted:

- a. **Creation of finance cells:** Banks and financial institutions which provide finances to entrepreneurs must create special cells for providing easy finance to rural entrepreneurs
- b. **Concessional rates of Interest:** On easy repayment basis and at concessional rates of interest the rural entrepreneurs should be provided finances. The cumbersome formalities should necessarily be avoided in sanctioning the loans to rural entrepreneurs.
- c. **Offering training facilities:** Training is essential for the overall development of entrepreneurships. It also enables the rural entrepreneurs to undertake the venture successfully as it certainly imparts required skills to run the enterprise. At present the economically weaker entrepreneurs of the society are necessarily offered such training facility by government of India regarding skill development of the existing entrepreneurs so that rural entrepreneurs can indeed generate income as well as employment opportunities in rural area especially in north east and south India region
- d. **Power supply of raw materials:** Rural entrepreneurs should be surely ensured of proper supply of scarce raw materials on a priority basis. Subsidy may also be offered at times to make the products manufactured by rural entrepreneurs reasonable and cost competitive.
- e. **Setting up marketing co-operatives:** Proper assistance and encouragement should be provided to rural entrepreneurs for setting up marketing co-operatives. These co-operatives shall help in getting various inputs at reasonable rate and they are helpful in selling their products at remuneration prices. Thus comprehensive training, proper education, setting up of separate financial Institutions, development of marketing co-operatives to a large extent help to flourish the rural entrepreneurs in India.

Effect on Globalization on Rural Entrepreneurship

It is quite very difficult to establish casual linkages or to quantify the specific effects of globalization on rural entrepreneurship since globalization is a macro concept and rural entrepreneurship is a micro concept occurring in a very limited area. However, it is quite possible to identify a range of different channels through which various aspects of globalization can be certainly expected to change the welfare of rural entrepreneurship in India. Some of the major effects of globalization on rural entrepreneurship which is seen in recent years are as follows:

1. **Productivity and efficiency effect:** Due to its access to global markets, abilities to specialize and also to take advantages of economies of scale and scope globalization is often said to result in higher productivity. Indeed exposure to global competition can certainly result in high levels of productivity and efficiency. However, it is less crucial for large economies like India. Because globalization enhances countries abilities to exploit comparative advantages arising from differing natural and ecological conditions, the potential gains to rural entrepreneur are also large. At the level of national policy these arguments certainly seem to favour globalization. There are many other factors which place rural entrepreneurs at a disadvantage. Most of them lack access to the technologies and market information that which would enable them to comply with quality requirements and specifications and also effectively respond to emerging opportunities. To compete in the modern world they rarely have access to credit and other financial services. Many entrepreneurs also face high transportation and input costs that which further reduce their ability to sustain and compete. Additionally, there are some entrepreneurs whose culture plays greater value on the maintenance of traditional ways of life, rather than on the material success in a much more competitive world. Apart from the above mentioned disadvantages, there is a wider question of whether the economic as well as institutional infrastructural facilities and structure of policies are favourable for small enterprises to succeed in the international competition. In short, Globalization as such presents real dangers to the rural entrepreneur, to set against the possible advantages for the wider economy.
2. **Economic growth effect:** Currently the argument in favour of globalization is the positive link between globalization and rural entrepreneurship in India. Because potential benefits certainly include improved access to managerial expertise and foreign technology. There have been varied views concerning the connection which exists between trade openness and rural entrepreneurship growth and this has also given rise to a large body of empirical literature, suggesting a positive relationship between trade openness and rural entrepreneurship growth. Edwards (1998) in his paper concludes that greater openness accelerates economic growth and that large departures from free trade dampen it. Michael et al (1991) in his findings based on the evidence suggests that liberalizing countries outperform those who failed liberalization attempts. In contrast, Helleiner (1986) has suggested that a certain level of national development is very much necessary before the objective of export-led growth can be realized.

Series of deliberations and emergence of the WTO under the Uruguay round have changed the world economic order. Indian government has shelved the earliest protectionist policies and opened up the economy to the world market. Undoubtedly, this has also helped the Indian economy to recoup its strength with the flow of international technology and capital resulting in a robust economic position. The economy is moving steadily with more than 6 percent GDP growth rate for the last two decades or so. However, new economic policies have posed severe challenges to the rural and agricultural sectors of the economy. Overall, analyzing the above facts it indicates that openness promotes faster growth. Still the question remains unanswered as to what this might do for the rural entrepreneurs and enterprises, particularly as little FDI flows into agriculture. The evidence from various studies also suggests that the rural entrepreneurs overall are substantially included as beneficiaries from economic growth. However, the extent of inclusion varies internationally. As discussed earlier, openness and free trade results in faster growth. Growth might be expected to specifically benefit the rural entrepreneurs to such an extent that the agricultural sector is very much included in the economic expansion. In fact, there is very little evidence that trade expansion in India has actually taken this form.

3. **Technological effect:** Today one of the prominent features of globalization and one of the major reasons for predicting improved growth is transfer of technology. Formerly many small rural entrepreneurs saw major improvements in their businesses, but to a certain extent improvements were in a very limited area and also to a very limited number of entrepreneurs.

The focus as such today is on the potentials and dangers of biotechnology. In Principle, the benefits here too may be large. The benefits may be from raising productivity, lower food prices as well as reduced risks of pests and droughts. Biotechnology research has been much more relevant to the problems of high-income countries. The benefits certainly tend to be specific to conditions or markets, particular environments. A small number of multinational corporations too are carrying out much of the research in rural areas. There has been a general focus upon the problems faced by rural entrepreneurs in rich countries with very little attention being paid to underdeveloped and developing countries like India's basic food crops and the problems of their small farmers.

- 4. Distribution effect:** It is not possible to gauge the overall effect of globalization on the level of inequality; the effect and aftermaths on women entrepreneur in rural area is less ambiguous. Many rural women entrepreneurs are to a certain extent hampered from benefiting from the changes arising from globalization. They also have less access than men to education and training, less command over important resources such as credit, land and capital, less time to devote to productive activities.
- 5. Transformational and insecurity effect:** Rural entrepreneurship as such is not always directly related to income. It can also refer to an intense level of insecurity. Many times those who have managed to improve their position are pressed back down again by natural disasters, inflation, deflation and other shocks. Some aspects of globalization increase such problems. Globalization is generally associated with increased competitive pressures and accelerated pace of change in economic life. This requires a speedy adaptation, which may simply be outside the range of those with few modern skills or certain other assets. Globalization as such is linked to increased specialization, but this for all its advantages increases risks for rural entrepreneurs by pushing them to 'play all their cards.' These factors are further compounded by the insecurity and transformational effect due to volatile environment.

Also greater financial interdependence amongst national economies, resulting from globalization has certainly affected transferring or spreading shocks from one nation to another. This can be seen from the financial crisis which has affected the world, leading to a global slowdown. The enormous cross border movements of highly mobile financial capital and the difficulties of regulating this have resulted in the tendency for financial shocks to spreading around the world as such. Many of these shocks coming from the rest of the world have hit the urban sector hardest. Still, there are a number of channels through which the effect has been transferred to the rural enterprises.
- 6. Policy:** Government of India has in a sense, discriminated against agriculture and all those enterprises that which depend on it. This discrimination has typically taken the form of overvalued exchange rates, state trading monopolies for domestic as well as external marketing of agricultural commodities. Additionally, the revenues from commodity exports have been certainly used for the growth of urban development and civil services, rather than reinvestment in agriculture.

Major Challenges faced by rural entrepreneurship in India

Some of the major challenges faced by rural entrepreneurship in India can be described below as follows:

- 1. Family challenges:** Convincing to opt for business over job is certainly not an easy task for an individual. The first thing compared is- will you make more money in the business of your choice or will you work as a successor of family business. This is certainly a stage where it becomes almost impossible to convince that you can generate more cash with your passion than doing what your dad is doing.
- 2. Social challenges:** Even tough family challenges are always at the top because as it matters the most but at times social challenges also are very important. Let us consider an example wherein say you and your friend graduated at the same time. You opted for entrepreneurship and your friend opts for a job. After few years he now has a flat, car and what not because he could easily get those with a bank loan but you still have nothing to show off and this is where the challenge comes in
- 3. Technological challenges:** Indian education system certainly lags too much from the job industry as a whole but then it lags even much more when it comes to online entrepreneurship. What technology would be ideal and how to use that technology effectively and efficiently is the question which needs to be answered by entrepreneur
- 4. Financial challenges:** This necessarily refers to difficulty in borrowing fund. For online entrepreneurs financial challenges are a lot different in India. When you are starting as an entrepreneur you don't opt for venture funding but definitely try to go to funding for small to medium business people. Many non-technical business people don't understand the online business models as a whole and so getting an initial business funding from them becomes very much challenging. Other option what entrepreneurs can think of is a loan but bank loan as such is not at all an option in India for new online entrepreneurs.
- 5. Policy challenges:** Now and then there are not of changes in the policies implemented by the government. Problems of TRIMS and TRIPS to pose policy challenges. Major problems of availing raw materials, problems of raising equity capital, Problems of obsolescence of indigenous and outdated technology, increased pollutions, ecological imbalance, exploitation of small and poor countries etc.

Major Management Problems of Rural entrepreneurs

Some of the major management problems faced by rural entrepreneurs today are as follows:

- 1. Lack of Knowledge of I.T:** Information technology is not very common in rural areas. This poses one of the major challenges for entrepreneurs. Entrepreneurs rely on internal linkages that which encourage the flow of services, goods, ideas and information. The intensity of family and personal relationships in rural communities can sometimes be very helpful but they may also present obstacles to effective business relationships. Business deals may receive intercommunity rivalries and less than rigorous objectivity which

may reduce the scope for regional cooperation. Lines of authority and decision making process are mostly blurred by local politics in rural areas

2. **Legal formalities:** Rural entrepreneurs find it extremely difficult in obtaining licenses and also complying with various legal formalities due to illiteracy and ignorance.
3. **Raw materials Procurement:** One of the tough tasks for rural entrepreneur is procurement of raw materials. Entrepreneurs quite often may end up with poor quality raw materials and also might face the problem of warehousing and storage
4. **Products of poor quality:** Inferior quality products is another major reason which hinders the growth of rural entrepreneurship as products produced mainly due to lack of availability of equipments and standard tools as well as poor quality raw materials do not cater to the needs of customers
5. **Lack of technical knowledge:** Technical knowledge is another major area which rural entrepreneurs face as a major problem to comprehend. Lack of extension services and training facilities create a hurdle for the development of rural entrepreneurship.

Major Remedies to solve problems in rural entrepreneurship

Major financing organizations like SIDBI, NABARD, ICICI and IFCI are trying to sort out the problems of rural entrepreneurship. Marketing problems as such are related with pricing, distribution channels, packaging, promotion etc. Following mentioned measures may be adopted in order to make rural entrepreneurs to start business venture:

1. **To provide loans at concessional rate of interest:** Finance should be provided to rural entrepreneurs at concessional rates of interest and also on easy repayment basis. Also cumbersome formalities should be avoided in sanctioning loans to rural entrepreneurs
2. **Creation of finance cells:** Special finance cells must be created by financial institutions and banks to provide easy finance to rural entrepreneurs
3. **Setting up marketing co-operatives:** Assistance and encouragement should be provided to rural entrepreneurs for setting up marketing co-operatives in rural areas. Co-operatives certainly can help in getting inputs at quite a reasonable rate and also turn out to be helpful in selling their products at remuneration prices. Rural entrepreneurs can derive the benefits of enterprise by avoiding middlemen. Moreover to boost rural entrepreneurs common production and marketing centres should be set up with sophisticated modern infrastructural facilities. Hence comprehensive training facilities, proper education, development of marketing co-operatives, setting up of separate financial institutions much to a larger extent can help to flourish rural entrepreneurs in India. Besides both government as well as non-government agencies should also play an important role.
4. **Supply of raw materials:** On priority basis rural entrepreneurs should be ensured of proper supply of scarce raw materials. Besides subsidy must also be offered to make the products manufactured by rural entrepreneurs which are reasonable and also competitive in terms of cost
5. **Offering high quality training facilities:** Training is very much essential for the development of entrepreneurship. As proper training imparts required skills to run an enterprise it enables rural entrepreneurs to undertake their venture successfully. Economically weaker entrepreneurs of the society are presently offered such training facility under Programmed FICCI (NGO's), Prime minister's rozgar yojna (PMRY), rotary clubs, lion clubs and various other voluntary organizations which can also arrange such training programmes for rural entrepreneurs to provide them proper assistance and stimulation counseling. Individual based EDI approach is highly relevant for rural entrepreneurs where motivation and familiarization processes are coupled with promise of various bank credit and support by way of escort services which could persuade rural youths with mandatory basic skills and hands on technology to start small enterprises in their region

II. Conclusion

Rural entrepreneurs are certainly act as a key figure in economic progress of India. They play a vital role in converting developing country into developed nation. In today's global market a country's economic policy environment must always be favourable for an organization to achieve efficiency. Economic policy of a country should also enable entrepreneurs to provide magical touch to an organization irrespective of public, private or joint sector in achieving innovativeness, speed, flexibility and also strong sense of self determination. Rural entrepreneurship however is the best answer for removal of rural poverty in India. Hence government should stress and emphasize more on integrated rural development programs. Also majority of the rural youths do not think of entrepreneurship as a career option. Hence organizations and government should come with training and sustaining support systems providing all necessary assistance so that rural youth can be motivated to take up entrepreneurship as a career. Besides there should also be efficient regulated markets and governments should also lend its helping hand in this context. Standardization and grading should be promoted

and also promotional activities should be enhanced to encourage rural entrepreneurs. NGO's should also be provided full support by the government. In the present context study of entrepreneurship helps entrepreneurs not only to fulfill their personal needs but also help in economic contribution of new ventures. More than increasing the national income by creating new jobs, rural entrepreneurship also acts a force in economic growth by serving as a major bridge between innovation and marketplace. To conclude to bring change institutions need to focus on synergies between education, innovation and entrepreneurship.

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